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Revised

# Drinking Water State Revolving Fund (DWSRF)

Capital improvements to our public water systems are critical to the long-term health and economic vitality of Washington's communities. Since 1997, Washington's Drinking Water State Revolving (DWSRF) Loan Program has provided over \$422 million in construction loans to correct compliance and public health problems and replace aging and failing infrastructure.



Congress established the DWSRF as part of its reauthorization of the federal Safe Drinking Water Act in 1996. The primary emphasis of the program is protection of public health and compliance with drinking water regulations.

The program also highlights green or environmentally beneficial infrastructure, and assistance to small and disadvantaged communities. Washington State is recognized as a national leader in implementing our DWSRF loan program.

Washington's DWSRF program is administered by the Department of Health Office of Drinking Water (DOH), and the Public Works Board (Board) and Contracts Administration Unit at the Department of Commerce.

In addition to construction loans, DWSRF supports key state drinking water program activities including:

- New Safe Drinking Water Act initiatives.
- A source water protection program.
- Technical assistance to water systems.

## Program Highlights

- \$130 million available for the 2012 loan cycle (deadline to apply is March 1, 2012).
- In the 2011 DWSRF loan cycle, 37 eligible projects were funded at \$69.5 million.



HELPING TO ENSURE SAFE AND RELIABLE DRINKING WATER

- Since 2004, 70 percent of the DWSRF loans have provided assistance to small water systems (3,300 people or less).
- Loans have ranged in size from \$50,000 to \$8 million.
- Since 1997, DWSRF has provided funding to the following types of projects:

Type of Project	Funding Amount
<i>Distribution</i>	\$79 million
<i>Source</i>	\$96 million
<i>Storage</i>	\$100 million
<i>Treatment</i>	\$119 million
<i>Other</i>	\$28 million
<b>Total</b>	<b>\$422 million</b>

### **DWSRF Loan Program—Eligible Applicants**

Washington's DWSRF program is available to both publicly owned and privately owned water systems, with the following conditions:

- State owned and federally owned water systems cannot apply.
- Tribes can apply, but must not be receiving Safe Drinking Water Act tribal set-aside funds for the same project, and must meet all other eligibility requirements.
- Group B systems can apply, but must become Group A when the project is completed.
- Non-community water systems must be owned by a nonprofit organization.
- Water systems must comply with state and federal safe drinking water regulations after completing the project.
- Applications must comply with all other eligibility and loan requirements specified in the DWSRF loan program guidelines.
- The application must rate sufficiently high on the priority-ranking list to receive funding.

### **DWSRF Loan Program Eligible Projects**

Projects eligible for funding from the DWSRF loan program include:

- ***Construction projects*** to achieve compliance, mitigate a public health risk, or replace aging infrastructure. Planning, design and engineering costs are eligible, but must be associated with an eligible construction project.
- ***Restructuring/consolidation projects*** that result in taking over non-compliant, failing or struggling water systems.
- ***Projects that use green infrastructure*** in the process of meeting compliance and public health objectives. Green infrastructure is defined as having significant water use efficiency and/or energy efficiency benefits, or other innovative means of protecting the environment.
- ***Refinancing existing infrastructure construction debt***, but only if the water system is a municipal utility (city, county, or special purpose district).

## Loan Terms for 2012 Project Loan Applications

Applicant Income Level	Interest Rate	Loan Fee*	Loan Repayment Period
Water system is not economically disadvantaged	1.5% fixed	1% at loan execution*	20 years or life of the project, whichever is less
Water system with an affordability index between 1.5 and 2.0%	1.0% interest on loan	1% at loan execution*	20 years or life of the project, whichever is less
Water System with an affordability index of 2.01 to 3.5%	30% principal forgiveness & 1.5% interest on loan	**	20 years or life of the project, whichever is less
Water System with an affordability index of 3.51 or higher	50% principal forgiveness & 1% interest on loan	**	20 years or life of the project, whichever is less
Eligible restructuring/consolidation projects proposed by municipal Group A water systems. Projects must result in a change in ownership prior to signing the funding contract	50% principal forgiveness & 1% interest on loan	**	20 years or life of the project, whichever is less
<b>Maximum Award</b>			
A maximum of \$12 million can be awarded to each water system applying this loan cycle. Multiple owners of one project (shared facilities) or satellite management agencies that are restructuring (combining) systems may combine loan limits up to a maximum of \$24 million.			
<b>Loan Fees</b>			
**Water systems receiving subsidy are not subject to loan fees.			
<b>Local Match Requirement</b>			
No local match is required.			
<b>Maximum Award</b>			
*The loan fee is not subject to the loan limit. For example, if a project is budgeted at \$3 million, the applicant can apply for a \$3,030,000 loan -- \$3 million for the project plus the \$30,000 loan fee. The loan fee is paid when the first loan draw is made. Loan fees are non-refundable.			

## Program Requirements

Because DWSRF is public funding, recipients must follow several requirements to ensure that these public funds are spent wisely and efficiently, including:

- Competitive bidding.
- Disadvantaged Business Enterprise outreach and contracting.
- Davis-Bacon Act prevailing wages.
- Readiness to proceed review and approval prior to receiving funding.
- Financial viability review and approval prior to funding.
- State environmental and cultural review and approval prior to construction.
- Water system capacity (planning) review and approval.
- Project design and engineering review and approval.
- Investment grade efficiency audit.

These requirements should not be problematic for the average water system. Knowledgeable, dedicated staff is available to assist applicants every step of the way. There are also several opportunities to learn more about these requirements, and time is built into the process to enable applicants to respond them.

For information about these and other program requirements, refer to the DWSRF guidelines available on the Web site below.

### For More Information

Visit the DWSRF website at

[http://www.doh.wa.gov/ehp/dw/our\\_main\\_pages/dwsrf.htm](http://www.doh.wa.gov/ehp/dw/our_main_pages/dwsrf.htm)

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